



Committee On Finance

Max Baucus, Chairman

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For Immediate Release
Friday, March 8, 2002

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FLOOR STATEMENT BY SENATOR MAX BAUCUS ON H.R. 3090 - THE ECONOMIC STIMULUS BILL

Mr. President, after months of debate and deadlock, we finally have an opportunity to send the President an economic stimulus bill that has broad bipartisan support. Let's seize the opportunity.

The House has passed a stimulus bill by a vote of 417-3. The bill is, frankly, similar to what many of us have been calling for. I urge Senators to join me in supporting quick passage of the bill, without any further amendments.

Let me describe the key provisions of the bill. The centerpiece is a provision, which the Senate has passed repeatedly, that gives workers 13 weeks of extended unemployment benefits. This is critical. Over the past year, the number of unemployed Americans has risen by more than two and one half million. Many of these people now have exhausted their benefits, or are on the verge of doing so. The most immediate step that we should take is to extend benefits, as we have done many times in the past during hard economic times. This will help folks who have been hurt, and it will provide a direct economic stimulus.

The bill also provides a tax incentive to encourage businesses to invest in new plants and equipment. This provision is simple. It will take effect quickly. It will help a broad range of businesses that make capital investments. And it also will provide an economic stimulus. By allowing businesses this extra deduction, we will reduce the after-tax cost of investing in machines and equipment, giving businesses an added incentive to invest.

In addition, the bill gives companies a longer period to carry back their net operating losses. This provides a modest break to companies that are struggling to stay on their feet. Those are the key tax incentives for business investment. Versions of both were in the Senate Finance Committee bill and virtually every other stimulus bill.

The bill also provides tax relief to the area in lower Manhattan that was devastated by the terrorist attacks of September 11th. How? By providing temporary tax incentives to encourage business to either stay in lower Manhattan, or to relocate nearby in New York City. This provision is drawn largely from the one that was developed by the Finance Committee, and also enjoys broad bipartisan support.

The final section of the bill extends the life of several important tax incentives that expired at the end of last year. These cover a wide range of important provisions. I'll mention a few. The work opportunity tax credit. The welfare-to-work tax credit. Suspension of the limitation on percentage depletion. The so-called "Subpart F" exception.

Each of these provisions is important in its own right. And each will benefit the economy, because the expiration of these provisions has created uncertainty among taxpayers and has created additional complexity in the law.

In conclusion, let me step back for a minute. What's the big picture? Why should we pass this bill? It's true that there has been some encouraging economic news. We seem to be coming out of the recession. But we still have two major problems.

First, although the unemployment rate has fallen somewhat, about 11,000 Americans run out of unemployment insurance every day. They need extended benefits.

The second problem is weak business investment, which Federal Reserve Chairman Greenspan has identified as one of the key economic problems in the coming year. In response, the bonus depreciation provision will create more investment and more jobs.

Overall, the bill provides an important economic stimulus. It helps people who have lost their jobs. It helps businesses. It helps the economy. It helps the country. I urge all members to support the bill.